

# ***Headquarters U.S. Air Force***

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## **AFCEE Performance Based Remediation (PBR) Program**

**11 May 2011**



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# ***PBR Topics***

- AFCEE PBR History & Successes
- FY11 Air Force Environmental Clean-up Refocus
- Lessons Learned for Overcoming Challenges
- Early Successes



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# ***Successes - BRAC Program***

## ***2006 BRAC Management Plan (BMP)***

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- **Goal of BMP**
  - Reduce Cost to Complete
  - Expedite Site Closure
  - Reduce Manpower to Manage BRAC Program
- **Successes of the BMP**
  - Five years after approval of the BMP
    - 90% of the BRAC bases will be under a basewide PBR
    - 50% AFCEE Manpower Reduction (from 86 to 43)
      - AFCEE PMs become Base Environmental Coordinators (BECs)
      - AFRPA becomes less involved in environmental operations
- Prior to FY11, 15 PBRs (16 former facilities) \$180M
- In FY11, 6 PBRs (15 former facilities) \$200M



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# ***Successes- Active Base Program***

## ***2011 Restoration Master Plan***

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- Prior to FY11
  - Awarded 14 PBRs valued at \$156M
  - Typically not basewide
  
- In FY11
  - PBRs are basewide or regional
  - Nine (9) AFCEE PBRs Planned (24 bases) – approx \$240M
  
- Restoration Master Plan under development by AFCEE/ER to be completed by Dec 2011



# ***2011 Restoration Master Plan***

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- Sites Considered for Active Base PBRs
  - All Military Munitions Response Program (MMRP) sites
  - All Compliance Restoration Program (CRP) sites
    - Regional PBRs for completion of Preliminary Assessment/Site Inspection (PA/SI) or Remedial Investigations (RIs) will not be pursued
    - Ongoing efforts for evaluating oil water separators and other potential sources not currently identified as sites will continue in parallel with PBRs (e.g. validate site status)
  - All Installation Restoration Program (IRP) sites
  - Pre-ROD Sites
    - PBRs require achievement of the end objective (e.g. RIP, RC, SC) even if the AF and Regulator accepted remedy differs from what was originally proposed
    - AF may use optional line items in the TO for any phase beyond acceptance of the ROD and only exercise the option upon EPA acceptance of the ROD

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# ***New Air Force Goals***

## ***Refocus PBR Approach***

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- 24 Feb 11 Joint Memo from SAF/IE & SAF/AQ – Focus Shifted from “Remedy-in-Place” to Accelerated Site Completion (ASC)
  - Reduce Air Force Long Term Liabilities
  - ASC - The point at which the AF will make essentially no additional appreciable investment of time or money
- New ASC Goals:
  - BRAC Sites:
    - FY12 – 75% sites closed
    - FY15 – 90% sites closed
  - Non-BRAC Sites:
    - FY12 – 50% sites closed/ 60% of all sites under PBR
    - FY15 – 75% sites closed/ 90% of all sites under PBR



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# ***New PBR Paradigm***

- History - Competition Driving Savings! Average award 30% below programmed amount
  
- New Paradigm – Competition driving Accelerated Site Completion
  - Give contractors Rough Order of Magnitude (ROM) in RFP
  - Focus on completion of sites and reducing long term liability

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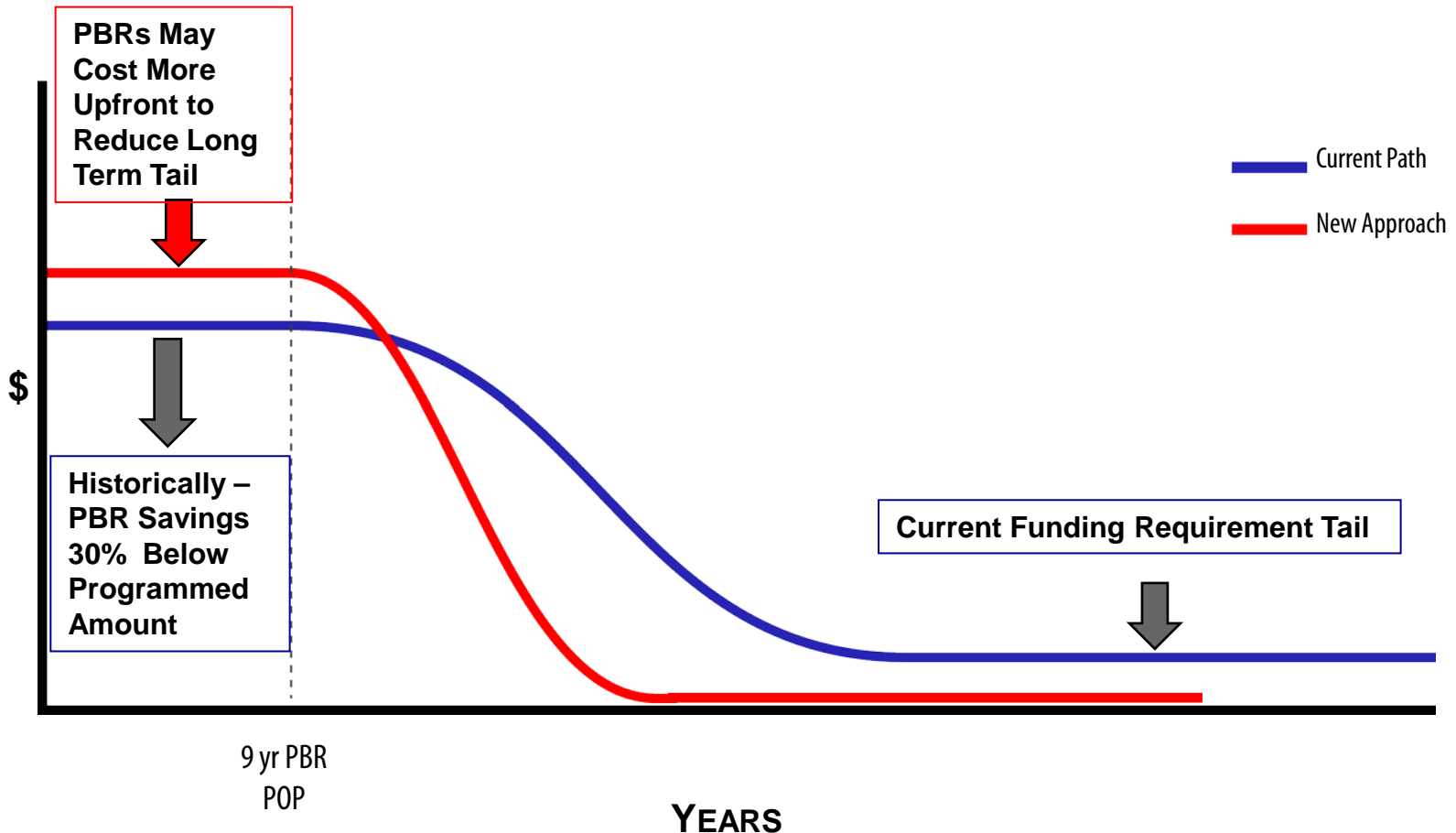
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# New PBR Paradigm

## REDUCE LONG TERM LIABILITIES & ASC





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# ***Lessons Learned***

## ***Increase Contractor Flexibility***

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- Focus on the Final Objective
  - Do not award incremental steps to get to the final objective
  - Contractors performance is measured by the achievement of objectives and aligns payment to meeting objectives
  - Encourages innovation and enables contractors' flexibility to meet objectives
- Longer Period of Performance – 9 years remaining on the IDIQ contract (WERC)
- Provide a healthy spread of low-medium-high risk sites



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# ***Lessons Learned***

## ***Funding Flexibility***

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- Within each PBR, award Options that are linked to delivered products/ Final Objectives
  
- Milestone Payment Structure (MPS) used to negotiate payment milestones within each option
  - MPS does not become a part of the task order award
  - MPS is submitted typically 30 Days after award, for approval by the project manager
  - Reduces modifications, simplifies management process



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# ***Lessons Learned Technical Evaluation***

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- Minimum performance objectives provided in SOO
  - These must be achieved in order to have an acceptable minimally responsive proposal
- Proposals will be evaluated on their proposed strategy and capability to meet the overarching objectives
  - Maximize Site Closure (unrestricted) is preferable to meet goals
  - Reduce Life Cycle Cost
- Contractors required to explain why site closure is not proposed
- Contractors submit expected life cycle cost assumptions and a performance model beyond the POP for sites not achieving unrestricted site closure (reviewed by technical team)

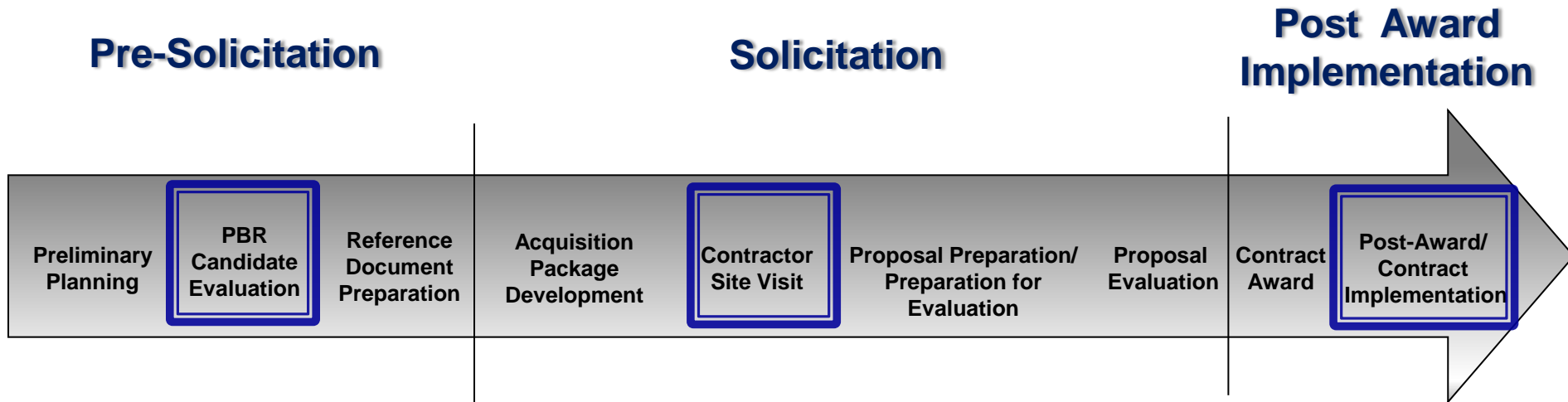


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# ***Lessons Learned***

## ***Keep Regulators Involved***

- There are three key areas AF request Regulatory involvement within the PBR process:





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# ***Lessons Learned***

## ***Pre-Award Regulator Involvement***

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- AF may invite Regulators to participate in the candidate evaluation meetings
- Regulators may review draft SOOs
- AF requests Regulator participation in Contractor site visits
- AF must balance procurement integrity and the potential for release of pre-solicitation documents into the public domain
- Contractor questions during the solicitation period that require regulator clarification should be submitted through the CO, who will then request regulator clarification and issue response to contractors



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# ***Lessons Learned***

## ***Post-Award – Lead Agency***

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- Use of a PBR does not shift AF responsibility to the Contractor
- Base Remedial Project Manager (RPM) and/or designated Contracting Officer Representative is required to be present for all discussions between Regulators and PBR Contractor (case-by-case exceptions)
  - Contractor cannot negotiate on behalf of the Government
  - AF review and acceptance of draft document before document is released to Regulators
- Only the Contracting Officer (CO) has authority to direct the PBR Contractor
  - AFCEE COR appointed
  - COR works closely with Base to speak as a single voice
- Project Management Plan and Surveillance Plan describes roles

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# ***Lessons Learned Post-Award Management***

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- Program Management Plan (PMP) is the first deliverable, typically within the first 30 days
  - Serves as the work plan and kept current for the life of the contract
  - Technical approach, project's resources, and project tasks
  - Both DoD and Federal/State roles are clearly defined
  - Integrated Master Schedule (IMS) and Milestone Payment Schedule (MPS) are included as attachments to the PMP
  - AF will seek Regulatory review of the PMP
  
- Surveillance Plan (SP) is prepared by the AF and represents the surveillance activities to be conducted by the Government during oversight of the task order



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# ***Lessons Learned***

## ***Surveillance Plans - PBR Schedules***

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- PBRs must adhere to Federal and/or State regulatory review schedules unless schedules are amended based on existing processes and agreements
  - Objectives to be met in compliance with Federal Facilities Agreement (FFA), Resource Conservation and Recovery Act (RCRA) Corrective Action Schedules, Site Management Plan (SMP), State requirements, etc.
- If additional resources via DSMOA or Cooperative Agreements are not feasible, establish a set number of documents to be reviewed per frequency (e.g. month or quarter)
  - Contractors can then plan workload around the agreed upon rate
- Establish agreed upon AF and regulatory success indicators (e.g. eliminates the vapor intrusion pathway in the top 20 feet) prior to the release of solicitation, to the extent possible
  - Include in Surveillance Plan once contract is awarded



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# ***Lessons Learned***

## ***Verifying Optimized Exit Strategy***

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- Contractors prepare an Optimized Exit Strategy
  - Performance Models : Series of actions, some of which may occur beyond the POP of the task order, that will ultimately achieve the final objective
  - Performance metrics, decision criteria, and endpoints will be assess how the response is progressing and demonstrate when the objective has been reached
  - AF will seek regulatory review and acceptance of metrics, decision criteria, and endpoints



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# ***Lessons Learned Leverage Industry Partners***

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- Dec 2010 – PBR Industry Day
  - Morning - Trained Contractors on New Approach
  - Afternoon - Obtained Industry Feed-back Early in New Process
    - 132 contractor comments/questions received
    - 5 recommendations implemented
- Continually communicating with Industry to improve processes



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# ***Lessons Learned***

## ***Insurance Basics***

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- There is no Black and White Test for When to Use Insurance
  - Rule of Thumb:
    - For sites with possible unknowns
      - Risk is higher for the contractor – increased proposal costs
      - Risk is higher for the government (equitable adjustments)
      - Insurance protects contractor and government
- Two Types of Insurance
  - PLL
    - Emerging Contaminants
    - Unknown Site Conditions
    - Regulatory Changes
  - Cost Cap - \$25M to \$35M is cap
    - Does not cover: Unknown Sites
- Cost - about 15% of contract but varies



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# ***Lessons Learned***

## ***Insurance – Two step process***

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### ■ Industry Issue

- Only 3 or 4 Insurance companies interested in Environmental PBRs
- Typically, each company will only insure one proposal
- This limits contractors who can participate – Insurance companies limit your competition!

### ■ AFCEE Solution (Two-Step Approach)

- Technical Evaluation Team picks Apparent Selected Offeror
- Compete Insurance companies upon completion of tech evaluation (unless contractor self-insures)
- If contractors can't get insurance, go to next contractor



# ***Early Indication of Success***

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- 1st FY11 PBR Awarded
  - Life Cycle Costs included in proposal – validated by government employees
  - Focus on ASC and reducing life cycle costs
  - Final Objectives (not process) were awarded in the contract
- Expedited Site Closures exceeds AF stretch goals by 35%
  - 15 Sites closed in 5 years
  - 15 Sites – optimization greatly accelerated for post-POP closure
  - Estimate reduces Life Cycle Cost from \$17.3M to \$10.8M
  - Award to a Small Business
  - Award 5.5% below programmed amount



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# ***AFCEE PBR Summary***

- From FY02 – FY10, AFCEE awarded 29 TO's, \$336M
- In FY11, AFCEE plans to execute 15 PBRs, ~\$426M
- Expecting many lessons learned/tweaks from the huge 2011 program to incorporate into the 2012 PBR program



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Questions?

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